

**FRASER VALLEY METROPOLITAN
RECREATION DISTRICT
FRASER, COLORADO**

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

DECEMBER 31, 2021

**FRASER VALLEY METROPOLITAN RECREATION DISTRICT
FRASER, COLORADO**

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Fraser Valley Metropolitan Recreation District
Fraser, Colorado
Management's Discussion and Analysis
For the Year Ended December 31, 2021

As management of the Fraser Valley Metropolitan Recreation District, Fraser, Colorado (the "District") we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our annual audited financial statements.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$10,657,432 (net position). Of this amount, \$7,929,912 was invested in capital assets (net of accumulated depreciation and related debt) of the District and may not be used to meet the District's ongoing obligations to citizens and creditors.
- The District's deposit portfolio increased by \$463,796 during 2021. Overall, the District's total net position increased by \$878,728.
- In 2019, through a lease agreement, the District assumed operations of The Foundry Cinema and Bowl in Fraser. The Foundry offers 8 bowling lanes, two movie theaters, a full-service restaurant and bar, billiards table and a variety of arcade games. At the direction of the Board, the District established a reserve fund to track net revenues generated through the operation. The activities of this operation are included in the Business Type Activities of the District.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements.

The District's financial statements are comprised of four components: 1) government-wide financial statements, 2) fund financial statements 3) notes to the financial statements and 4) required supplementary information that provides comparisons of budget to actual on the Non-US GAAP (Accounting Principles Generally Accepted in the United States of America) budgetary basis.

Government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business through the following financial statements.

- Statement of Net Position presents information on all of the District's assets, liabilities and deferred outflows and inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
- Statement of Changes in Net Position presents a comparison between direct expenses, general revenues and program revenues for each function of the District's government activities and the different business-like activities. The result represents how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.
- Fund financial statements are designed to provide readers with a broad overview of the general, conservation trust, debt service and proprietary funds, including the golf course and Foundry funds.

- Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide financial statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$10,657,432 at the close of the most recent fiscal year.

A portion of the District's net position, (74%), is invested in capital assets, less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

District Net Position

	Governmental Activities		Business Type Activities		Total Government		
	2021	2020	2021	2020	2021	2020	Variance
Current assets	\$3,863,588	\$3,659,319	\$1,565,113	\$1,150,405	\$ 5,428,701	\$4,809,724	\$618,977
Restricted assets	114,527	78,263	-	-	114,527	78,263	36,264
Capital assets, net	15,918,159	16,345,620	6,531,741	5,945,295	22,449,900	22,290,915	158,985
Total assets	19,896,274	20,083,202	8,096,854	7,095,700	27,993,128	27,178,902	814,226
Deferred outflows of resources (Deferred charge on refunding)	1,217,596	1,304,811	-	-	1,217,596	1,304,811	(87,215)
Total liabilities	15,293,023	16,117,364	858,285	403,714	16,151,308	16,521,078	(369,770)
Deferred inflows of resources (Deferred property tax revenue)	2,401,984	2,183,931	-	-	2,401,984	2,183,931	218,053
Net Position:							
Net investment in capital assets	2,098,832	1,750,791	5,831,080	5,650,508	7,929,912	7,401,299	528,613
Restricted	415,920	374,059	-	-	415,920	374,059	41,861
Unrestricted	904,111	961,869	1,407,489	1,041,477	2,311,600	2,003,346	308,254
Total net position	\$3,418,863	\$3,086,719	\$7,238,569	\$6,691,986	\$10,657,432	\$9,778,704	\$878,728

Current assets for the District increased \$618,977. The increase can be attributed, in part, to the District's deposit portfolio which increased \$463,796 as a result of significant increases in revenues as compared to the prior year. In addition, the District Property Tax Receivable increased \$218,220 as a result of the revaluation of property in 2021. Due to the COVID-19 pandemic, the District delayed investing in capital assets in 2020. However, the strong financial performance of the Golf Course operations in 2020, allowed the District to return to capital improvement projects such as paving cart paths and leasing new golf carts.

At the end of the current fiscal year, the District is able to report a positive net position.

Change in the District's Net Position

	Governmental Activities		Business Type Activities		Total Government		
	2021	2020	2021	2020	2021	2020	Variance
User Charges:							
Golf course	\$ -	-	\$2,802,395	\$ 2,682,169	\$ 2,802,395	\$2,682,169	\$ 120,226
Foundry	-	-	866,984	568,339	866,984	568,339	298,645
Program activities	1,284,545	737,778	-	-	1,284,545	737,778	546,767
Other non-operating revenues	13,459	99,994	1,859	18,510	15,318	118,504	(103,186)
Property and specific ownership taxes	2,347,586	2,324,972	-	-	2,347,586	2,324,972	22,614
Other	91,244	35,706	100,629	226	191,873	35,932	155,941
Total revenues	<u>3,736,834</u>	<u>3,198,450</u>	<u>3,771,867</u>	<u>3,269,244</u>	<u>7,508,701</u>	<u>6,467,694</u>	<u>1,041,007</u>
Expenses:							
Operating	3,009,307	2,952,264	3,225,284	3,044,292	6,234,591	5,996,556	238,035
Non-operating	395,382	447,917	-	-	395,382	447,917	(52,535)
Total expenses	<u>3,404,689</u>	<u>3,400,181</u>	<u>3,225,284</u>	<u>3,044,292</u>	<u>6,629,973</u>	<u>6,444,473</u>	<u>185,500</u>
Change in net position	332,145	(201,730)	546,583	224,952	878,728	23,221	855,507
Net position – beginning of year	<u>3,086,718</u>	<u>3,288,449</u>	<u>6,691,986</u>	<u>6,467,034</u>	<u>9,778,704</u>	<u>9,755,483</u>	<u>23,221</u>
Net position – end of year	<u>\$3,418,863</u>	<u>\$ 3,086,718</u>	<u>\$7,238,569</u>	<u>\$ 6,691,986</u>	<u>\$10,657,432</u>	<u>\$9,778,704</u>	<u>\$ 878,728</u>

Revenues for the District increased \$1,041,007 over the year prior. This increase can be attributed to the ongoing recovery from the COVID-19 worldwide pandemic. Recovery from the impact of the pandemic impacted operational revenues of the District as follows:

- The Golf Course operations continued to see a heavy amount of usage in 2021. Good course conditions allowed the course to charge high season prices early on in the season creating strong revenues.
- Indoor activities such as those at the Foundry operation saw good improvement but revenues are still well below pre-pandemic levels. Movie studios continued to hold new releases throughout most of the year.
- Recreation programming enrollments were strong in 2021, however, the Recreation Center maintained limited capacity through a reservation system through June preventing Program Activity revenue from returning to pre-pandemic levels.
- The Assessed Valuations for the 2020 taxable year for collections in 2021 remained relatively flat.

Expenses for the District increased \$185,500 over the year prior as a result of returning to more typical operations after the pandemic.

Capital Asset and Debt Administration

Capital Assets: The District's investment in capital assets as of December 31, 2021 amounts to \$22,449,900 (net of accumulated depreciation of \$13,325,650). The investment in capital assets includes land, land improvements, buildings, equipment, leasehold improvements and vehicles.

District Capital Assets

	2021	2020	Variance
Land	\$ 4,488,787	\$ 4,488,787	\$ -
Buildings and Improvements	26,872,266	26,531,025	341,241
Equipment and Vehicles	4,400,497	3,670,445	730,052
Intangibles	14,000	14,000	-
Total Cost	35,775,550	34,704,257	1,071,293
Less: Accumulated Depreciation	(13,325,650)	(12,413,342)	(912,308)
Total	\$ 22,449,900	\$ 22,290,915	\$ 158,985

The increase in capital assets is primarily due to investments at the golf course. The District resumed the cart path paving project spending \$235,432 to asphalt 2 entire holes on the Ridge Course. Additionally, the District entered into a lease agreement for a new fleet of golf cars with GPS at a total cost of \$596,096.

Long-term Debt: Changes in long-term obligations as of the year ended December 31, 2021 are as follows:

Principal

	Beginning Balance	Additions	Payments (Retirements)	Ending Balance
2020 GO Bonds	\$13,595,000	-	\$(730,000)	\$12,865,000
Premiums	2,207,682	-	(149,252)	2,058,430
Total	\$15,802,682	-	\$(879,252)	\$14,923,430

During 2021, the District paid \$449,901 interest on the bonds. Accrued interest at December 31, 2021 was \$36,275.

Board of Directors Emphasis for the 2022 Budget

In developing the budget for 2022, the state of the economy and the impact and recovery from the COVID-19 Pandemic was considered. The District considered the average of the revenues from 2019 and 2021 when establishing the 2022 budgeted revenue. The District used a departmental line item method whereby programs are budgeted in separate cost centers and individual projects make use of project accounting. The approved 2022 compensation plan was used as a reference to set budgeted payroll expenses. Capital expenditure needs were closely evaluated during budget review.

The Assigned fund identifies reserves for future capital asset maintenance and replacement needs. The Unassigned fund includes reserves amounts that are available for any purpose. The final budget reflected reserves as follows:

RESERVES	<i>2021 Original Budget</i>	<i>2021 Forecast</i>	<i>2022 Budget</i>
CONSERVATION TRUST - Capital Reserve (Restricted)	\$ 95,213	\$ 112,888	\$ 123,403
TABOR RESERVES - State Mandate (Restricted)	75,000	75,000	75,000
DEBT SERVICE RESERVE FUND (Restricted)	290,155	287,624	288,337
COMMUNITY GARDEN RESERVE FUND (Restricted)	0	9,000	9,000
GENERAL RESERVE FUND (UNASSIGNED)	302,050	303,359	326,450
GENERAL RESERVE FUND - FOUNDRY CINEMA & BOWL (UNASSIGNED)	89,442	80,680	145,680
GENERAL RESERVE FUND - POLE CREEK CAPITAL (ASSIGNED)	737,437	1,331,063	1,284,466
GENERAL RESERVE FUND - PARKS & REC CAPITAL (ASSIGNED)	219,054	414,166	332,285
TOTAL RESERVES	\$ 1,808,351	\$2,613,780	\$2,584,621

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Ann McConnell, Associate Director
Fraser Valley Metropolitan Recreation District
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Winter Park, CO 80482
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Fraser Valley Metropolitan Recreation District
Fraser, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities and each major fund Fraser Valley Metropolitan Recreation District, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Fraser Valley Metropolitan Recreation District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major of Fraser Valley Metropolitan Recreation District, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Fraser Valley Metropolitan Recreation District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Fraser Valley Metropolitan Recreation District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Fraser Valley Metropolitan Recreation District's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material

misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Fraser Valley Metropolitan Recreation District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Fraser Valley Metropolitan Recreation District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i through v be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Watson Coon Ryan, LLC

JULY 12, 2022
CENTENNIAL, COLORADO

GOVERNMENT-WIDE FINANCIAL STATEMENTS

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Statement of Net Position
December 31, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 2,694,045	\$ 5,855	\$ 2,699,900
Accounts receivable:			
Property taxes receivable	2,403,680	--	2,403,680
Other taxes	14,579	--	14,579
Trade receivable	--	4,569	4,569
Member receivable	--	3,354	3,354
Other receivable	31,632	--	31,632
Internal balances	(1,414,278)	1,414,278	--
Inventory	10,702	65,102	75,804
Prepaid expenses	22,101	71,955	94,056
Prepaid debt insurance, net of accumulated amortization	101,127	--	101,127
Restricted cash	114,527	--	114,527
Capital assets, net of accumulated depreciation of \$13,325,650	15,918,159	6,531,741	22,449,900
Total assets	19,896,274	8,096,854	27,993,128
Deferred outflows of resources:			
Deferred charge on refunding	1,217,596	--	1,217,596
Total deferred outflows of resources	1,217,596	--	1,217,596
Liabilities:			
Accounts payable	42,866	68,602	111,468
Accrued expenses	53,158	34,648	87,806
Accrued interest payable	36,275	--	36,275
Accrued compensated absence	35,146	25,584	60,730
Gift cards	7,184	28,565	35,749
Prepaid membership fees and golf passes	81,471	225	81,696
Leases payable:			
Due within one year	29,321	195,068	224,389
Due in more than one year	84,172	505,593	589,765
Bonds payable:			
Due within one year	755,000	--	755,000
Due in more than one year	14,168,430	--	14,168,430
Total liabilities	15,293,023	858,285	16,151,308
Deferred inflows of resources:			
Unavailable property tax revenue	2,401,984	--	2,401,984
Total deferred inflows of resources	2,401,984	--	2,401,984
Net position:			
Net investment in capital assets	2,098,832	5,831,080	7,929,912
Restricted for:			
TABOR	75,000	--	75,000
Debt Service Fund	217,393	--	217,393
Conservation Trust Fund	114,527	--	114,527
Community Garden	9,000	--	9,000
Unrestricted	904,111	1,407,489	2,311,600
Total net position	\$ 3,418,863	\$ 7,238,569	\$ 10,657,432

The notes to the financial statements are an integral part of this statement.

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Statement of Changes in Net Position
December 31, 2021

December 31, 2021

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
			Fund raising, Operating Grants and Contributions	Primary Government		
Functions/Programs	Expenses	Charges for Services		Governmental Activities	Business-Type Activities	Total
Governmental activities:						
General recreation	\$ 386,189	\$ 172,172	--	\$ (214,017)		\$ (214,017)
Parks and facilities	622,571	258,251	--	(364,320)		(364,320)
Recreation center	1,514,792	854,122	--	(660,670)		(660,670)
Administration	485,755	--	91,244	(394,511)		(394,511)
Debt Service	395,382	--	--	(395,382)		(395,382)
Total governmental activities	<u>3,404,689</u>	<u>1,284,545</u>	<u>91,244</u>	<u>(2,028,900)</u>		<u>(2,028,900)</u>
Business activities:						
Foundry	757,140	866,984	--		\$ 109,844	109,844
Golf course	2,468,144	2,802,395	8,126		342,377	342,377
Total business activities	<u>3,225,284</u>	<u>3,669,379</u>	<u>8,126</u>		<u>452,221</u>	<u>452,221</u>
Total Primary Government	<u>\$ 6,629,973</u>	<u>\$ 4,953,924</u>	<u>\$ 99,370</u>	<u>(2,028,900)</u>	<u>452,221</u>	<u>(1,576,679)</u>
General revenues:						
Taxes				2,347,586	--	2,347,586
Interest				4,180	--	4,180
Gain on disposal of assets				--	92,503	92,503
Miscellaneous				9,279	1,859	11,138
Total general revenues				<u>2,361,045</u>	<u>94,362</u>	<u>2,455,407</u>
Change in net position				332,145	546,583	878,728
Net position - beginning of year				<u>3,086,718</u>	<u>6,691,986</u>	<u>9,778,704</u>
Net position - end of year				\$ 3,418,863	\$ 7,238,569	\$ 10,657,432

The notes to the financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Balance Sheet
Governmental Funds
December 31, 2021

	General Fund	Debt Service	Conservation Trust Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,694,045	\$ --	\$ --	\$ 2,694,045
Accounts receivable:				
Property taxes receivable	1,150,782	1,252,898	--	2,403,680
Other taxes	14,579	--	--	14,579
Other receivable	31,632	--	--	31,632
Inventory	10,702	--	--	10,702
Prepaid expenses and deposits	22,101	--	--	22,101
Restricted cash	--	--	114,527	114,527
Total assets	\$ 3,923,841	\$ 1,252,898	\$ 114,527	\$ 5,291,266
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 42,866	\$ --	--	\$ 42,866
Accrued liabilities	53,158	--	--	53,158
Gift cards payable	7,184	--	--	7,184
Internal balances	1,630,787	(216,509)	--	1,414,278
Prepaid membership fees	81,471	--	--	81,471
Total liabilities	1,815,466	(216,509)	--	1,598,957
Deferred inflows of resources:				
Unavailable property tax revenue	1,149,970	1,252,014	--	2,401,984
Total deferred inflows of resources	1,149,970	1,252,014	--	2,401,984
Fund balances				
Nonspendable for:				
Prepaid expenses and inventory	\$ 32,803	\$ --	\$ --	\$ 32,803
Restricted for:				
TABOR	75,000	--	--	75,000
Debt Service Fund	--	217,393	--	217,393
Conservation Trust Fund	--	--	114,527	114,527
Community Garden	9,000	--	--	9,000
Assigned for:				
Capital asset management	791,060	--	--	791,060
Unassigned	50,542	--	--	50,542
Total fund balances	958,405	217,393	114,527	1,290,325
Total liabilities, deferred inflows of resources and fund balances	\$ 3,923,841	\$ 1,252,898	\$ 114,527	

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. 15,918,159

Long-term liabilities, including earned benefits payable, accrued interest, leases and bonds payable are not due and payable in the current period and therefore, are not reported in the funds. (13,789,621)

Net Position of Governmental Activities \$ 3,418,863

The notes to the financial statements are an integral part of this statement.

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the year ended December 31, 2021

	General	Debt Service	Conservation Trust	Totals
Revenues:				
Property taxes	\$ 941,774	\$ 1,236,917	\$ --	\$ 2,178,691
Specific ownership taxes	168,895	--	--	168,895
General recreation	172,172	--	--	172,172
Parks & facilities	258,251	--	--	258,251
Recreation center	854,122	--	--	854,122
Fund raising	14,315	--	--	14,315
Grants	40,675	--	--	40,675
Interest	2,241	1,932	10	4,183
Miscellaneous	9,279	--	--	9,279
Conservation trust income	-	--	36,254	36,254
Total revenues	2,461,724	1,238,849	36,264	3,736,837
Expenditures:				
General recreation	368,089	--	--	368,089
Parks & facilities	464,715	--	--	464,715
Recreation center	1,148,788	--	--	1,148,788
Administration	362,943	400	--	363,343
Debt Service:				
Bond principal	-	730,000	--	730,000
Bond interest	-	449,901	--	449,901
Grant expenditures	8,917	--	--	8,917
Treasurer's fees	47,169	61,951	--	109,120
Capital outlay	99,184	--	--	99,184
Total expenditures	2,499,805	1,242,252	--	3,742,057
Excess (deficiency) of revenues over expenditures	(38,081)	(3,403)	36,264	(5,220)
Net change in fund balances	(38,081)	(3,403)	36,264	(5,220)
Fund balances - beginning of the year	996,486	220,796	78,263	1,295,545
Fund balances - end of the year	\$ 958,405	\$ 217,393	\$ 114,527	\$ 1,290,325

Net Changes in Fund Balance of the Governmental Fund (5,220)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital asset additions and contributed capital assets during the year. (389,161)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount represents principal payments made during the year and the effect of debt refunding. 730,000

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not recorded as expenditures in governmental funds. (3,474)

Change in Net Position of Governmental Activities \$ 332,145

The notes to the financial statements are an integral part of this statement.

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances -
General Fund
For the year ended December 31, 2021

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Property taxes	944,466	\$ 941,774	\$ (2,692)
Specific ownership taxes	157,000	168,895	11,895
General recreation	145,200	172,172	26,972
Parks and facilities	184,000	258,251	74,251
Recreation center	736,300	854,122	117,822
Fundraising	21,500	14,315	(7,185)
Grants	1,500	40,675	39,175
Interest	5,000	2,241	(2,759)
Miscellaneous	-	9,279	9,279
Total revenues	2,194,966	2,461,724	266,758
Expenditures:			
General recreation	317,418	368,089	(50,671)
Parks and facilities	407,760	464,715	(56,955)
Recreation center	1,183,800	1,148,788	35,012
Fundraising	1,500	-	1,500
Administration	404,314	362,943	41,371
Grant expenditures	9,500	8,917	583
Treasurer's fees	47,224	47,169	55
Capital outlay	89,322	99,184	(9,862)
Total expenditures	2,460,838	2,499,805	(38,967)
Excess of revenues over (under) expenditures	\$ (265,872)	(38,081)	\$ 227,791
Other Financing Sources (Uses):			
Fund balance - beginning of year		<u>996,486</u>	
Fund balance - end of year		<u>\$ 958,405</u>	

The notes to the financial statements are an integral part of this statement.

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Statement of Net Position
Proprietary Funds
December 31, 2021

	The Foundry Fund	Golf Course Fund	Total
ASSETS			
Cash and cash equivalents	\$ 2,155	\$ 3,700	\$ 5,855
Accounts receivable:			
Trade receivable	3,587	982	4,569
Member receivable	-	3,354	3,354
Internal Balances	81,280	1,332,998	1,414,278
Inventory	31,003	34,099	65,102
Prepaid expenses	57,017	14,938	71,955
Capital assets, net of accumulated depreciation of \$6,134,668	--	6,531,741	6,531,741
Total assets	175,042	7,921,812	8,096,854
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	52,463	16,139	68,602
Accrued salaries and wages	15,408	19,240	34,648
Compensated absence	2,577	23,007	25,584
Prepaid golf passes and event deposits	-	225	225
Gift cards	2,869	25,696	28,565
Leases payable:			
Current	-	195,068	195,068
Long-term	-	505,593	505,593
Total liabilities	73,317	784,968	858,285
Net Position			
Net investment in capital assets	-	5,831,080	5,831,080
Unrestricted	101,725	1,305,764	1,407,489
Total net position	101,725	7,136,844	7,238,569
Total liabilities and net position	\$ 175,042	\$ 7,921,812	\$ 8,096,854

The notes to the financial statements are an integral part of this statement.

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the year ended December 31, 2021

	The Foundry Fund	Golf Course Fund	Total
Operating Revenues:			
Charges for sales and services:			
Merchandise sales	\$ -	\$ 201,897	\$ 201,897
Movie Tickets	184,276	-	184,276
Bowling Fees	270,585	-	270,585
Food and beverage sales	343,608	704,042	1,047,650
Vending and arcade income	13,613	-	13,613
Club rental	-	31,890	31,890
Golf cart rentals	-	421,117	421,117
Driving range	-	108,931	108,931
Green fees	-	988,145	988,145
Season Pass	-	186,485	186,485
Resident ID cards	-	78,744	78,744
Tournament premiums	11,637	68,544	80,181
Events	-	100	100
Sponsorships	31,243	-	31,243
Facility rental	9,722	-	9,722
Tee sign revenue	-	6,000	6,000
Grounds maintenance income	-	6,500	6,500
Fund raising	2,300	8,126	10,426
Total operating revenues	866,984	2,810,521	3,677,505
Operating expenses:			
Cost of goods sold:			
Pro shop merchandise and rentals	--	103,637	103,637
Food and beverage	106,688	247,530	354,218
Movies	89,065	--	89,065
Payroll and related taxes	272,664	1,020,113	1,292,777
Rent expense	150,000	--	150,000
Advertising and marketing	10,683	11,369	22,052
Contracted services	3,000	11,195	14,195
Equipment	9,828	40,910	50,738
Repairs and maintenance	13,453	78,300	91,753
Turf maintenance and landscaping	--	16,740	16,740
Supplies and parts	26,674	214,247	240,921
Utilities	32,461	87,978	120,439
Other operating - general	42,624	144,069	186,693
Depreciation	--	492,056	492,056
Total operating expenses	757,140	2,468,144	3,225,284
Operating Income	109,844	342,377	452,221
Nonoperating revenues:			
Gain on disposal of assets	--	92,503	92,503
Miscellaneous income	34	1,825	1,859
Total nonoperating revenues	34	94,328	94,362
Change in Net Position	109,878	436,705	546,583
Net position - beginning of year	(8,153)	6,700,139	6,691,986
Net position - end of year	\$ 101,725	\$ 7,136,844	\$ 7,238,569

The notes to the financial statements are an integral part of this statement.

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Statement of Cash Flows
Golf Course Fund
December 31, 2021

Cash flows from operating activities:

Cash received from customers and others	\$ 2,811,765
Cash paid to employees	(1,305,233)
Cash paid for goods and services	(926,424)

Net cash provided by operating activities 580,108

Cash flows from capital and related financing activities:

Acquisition of capital assets	(359,723)
Payment on leases	(220,401)

Net cash (used) by capital and related financing activities (580,124)

Increase in cash and cash equivalents (16)

Cash and cash equivalents - beginning 3,716

Cash and cash equivalents - ending \$ 3,700

Reconciliation of operating income/(loss) to net cash provided by operating activities:

Operating loss	\$ 436,705
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Adjustments to reconcile operating loss to net cash provided/(used) by operating activities:

Depreciation	492,056
Gain on disposal of assets	(92,503)
(Increase) in accounts receivable	(581)
Decrease in prepaid expenses	22,152
(Increase) in inventory	2,831
Increase in accounts payable	1,192
(Decrease) in accrued salaries and wages	9,099
Increase in other liabilities	3,376
(Increase) in internal funds	(299,101)
Increase in compensated absences	4,882

Total Adjustments 143,403

Net cash provided by operating activities \$ 580,108

Noncash capital financing activities:

Acquisition of capital assets	1,078,499
Less assets acquired under capital lease	(718,776)
Cash paid for acquisition of capital assets	<u>359,723</u>

The notes to the financial statements are an integral part of this statement.

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Statement of Cash Flows
Foundry Fund
December 31, 2021

Cash flows from operating activities:

Cash received from customers and others	\$	880,072
Cash paid to employees		(405,918)
Cash paid for goods and services		(474,154)

Net cash provided by operating activities		--
--	--	-----------

Increase in cash and cash equivalents		--
--	--	-----------

Cash and cash equivalents - beginning		2,155
--	--	--------------

Cash and cash equivalents - ending	\$	2,155
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Reconciliation of operating income/(loss) to net cash provided by operating activities:

Operating income	\$	109,878
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Adjustments to reconcile operating loss to net cash provided/(used) by operating activities:

(Increase) in accounts receivable		13,054
Increase in prepaid expenses		5,879
(Increase) in inventory		(15,849)
Increase in accounts payable		20,405
Increase in other liabilities		9,742
(Increase) in internal funds		(143,109)

Total Adjustments		(109,878)
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Net cash provided by operating activities	\$	-
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The notes to the financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of operations

The Fraser Valley Metropolitan Recreation District (the "District") was formed under Colorado statutes as a special district in 1979 to provide recreational programs and facilities to residents and visitors of eastern Grand County, Colorado. The District owns and operates the Pole Creek Golf Club, the Grand Park Community Recreation Center and the Fraser Valley Sports Complex which is also home to the IceBox Ice Rink. Additionally, the District currently leases and operates the Foundry Cinema & Bowl. The District is governed by a five person elected Board of Directors.

Reporting entity

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governments ("US GAAP"). As required by US GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of such significant policies consistently applied in the preparation of the financial statements.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the Governmental Accounting Standards Board (GASB) Pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. The pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

Basis of presentation

Government-wide Statements: The statement of net position and the statement of changes in net position display information about the District. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed by fees charged to external parties.

The statement of changes in net position presents a comparison between direct expenses and program revenues for the different business-type activities of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include 1) fees or charges paid by the recipients for goods or services offered by the program, and 2) grants, contributions and

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
December 31, 2021

other revenues that are restricted to use in the operational or capital requirements of a specific function or program. Other revenues not directly related to a particular function or program, if any, are reported separately as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental fund, each displayed in a separate column.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund.

The District reports the following major governmental funds:

General Fund – is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

Debt Service Fund – accounts for financial resources that are to be used by property taxes levied for debt payment on general obligation bonds.

Conservation Trust Fund – accounts for financial resources that are to be used for the acquisition, operation, or maintenance of capital assets for recreational use approved by the State of Colorado.

The District reports the following proprietary funds:

Golf Course Fund – accounts for revenues and expenses associated with the District's golf course and clubhouse. This fund includes golf fees, pro shop, turf maintenance and food and beverage services.

Foundry Fund – accounts for revenues and expenses associated with the operations of the Foundry Cinema & Bowl complex that is currently leased by the District. This fund includes bowling fees, movie tickets, facility rentals and food and beverage services.

Measurement focus, basis of accounting

The government-wide and proprietary financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, including property taxes. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. The exceptions to this general rule are that principal and interest on general long-term debt are recognized when due.

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
December 31, 2021

Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance

Deposits and investments

The District considers cash and cash equivalents to be cash on hand, demand deposits and unrestricted investments with an original maturity of three months or less to be cash and cash equivalents. The District does not hold any investments as of December 31, 2021.

Receivables

The District considered all receivables collectible as of December 31, 2021.

Property taxes

Property taxes are levied on December 15 of each year, and attach as an enforceable lien on property as of January 1. Taxes are due as of January 1 of the following year and are payable in two equal installments, due February 28 and June 15 if paid in installments, or April 30 with a single payment. Taxes are delinquent as of June 16. If the taxes are not paid within subsequent statutory periods, the property tax lien will be sold at public auction. The County bills and collects the property taxes and remits collections to the District on a monthly basis. In accordance with US GAAP, the assessed but uncollected property taxes have been recorded as a receivable and as deferred revenue.

Inventory

Inventories are valued at cost using the first-in, first-out (FIFO) method.

Capital assets

The District's policy is to capitalize all capital purchases that are individually greater than \$5,000. Capital purchases with a cost less than \$5,000 are expensed as incurred. The District records capital assets at historical cost. Donated capital assets are valued at their estimated fair value on the date donated. Depreciation is provided in amounts sufficient to relate the cost of depreciable capital assets to operations over the estimated service lives. Depreciation and amortization is provided under the straight-line method, with estimated service lives as follows:

Buildings	10- 40 years
Equipment	5-10 years
Land improvements	40 years
Leasehold improvements	10 years
Vehicles	5-10 years

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category, the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
December 31, 2021

and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported in the governmental funds Balance Sheet and Statement of Net Position. The governmental funds report unavailable revenue only from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Compensated absences

Employees may accumulate earned but unused benefits up to a specified maximum. The District has recorded an accrued liability for compensated absences in the government-wide and proprietary fund financial statements that was calculated using the vesting method.

Long-term obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums are deferred and amortized over the life of the bonds.

Fund equity

The District follows GASB Statement 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*, which provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. In the fund financial statements, the District considered all restricted and unrestricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. The District considers all committed, assigned, or unassigned amounts to have been spent when expenditure is incurred for the purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Nonspendable Fund balance – the portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to maintain intact.

Restricted fund balance – the portion of the fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

Assigned fund balance – The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned fund balance – The residual portion of fund balance that does not meet any of the criteria described above. Additionally, the assigned fund balance may be a negative amount, except for in the general fund, which reports only a positive unassigned fund balance amount. A negative amount is appropriate in other governmental funds (excluding the general fund) if the expenditures incurred for specific purposes exceed the

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
December 31, 2021

amount that are restricted, committed or assigned to those purposes.

The non-spendable fund balance in the General Fund represents prepaid expenditures and inventory.

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$75,000 of the General Fund balance has been restricted in compliance with this requirement. Additionally, \$9,000 has been restricted for use in the community garden.

The restricted fund balance in the Debt Service Fund is restricted for the repayment of debt.

The restricted fund balance in the Conservation Trust Fund is restricted for the payment of capital assets or improvements in accordance with State requirements.

The assigned fund balance was authorized by the Board of Directors of the District to reserve funds for future capital asset maintenance and replacement.

It is the District's policy to use restricted resources first when expenditure is incurred for purposes for which more than one classification is available.

Net position

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District reports three categories of net position, as follows:

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows or resources related to those assets.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the District will use the most restricted net position first.

Internal balances

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are reported in the funds as "internal balances". These amounts are eliminated in the Statement of Net Position.

Fair value of financial instruments

The District's financial instruments include cash and cash equivalents, accounts receivable, inventory, prepaid expenses, accrued liabilities, and accounts payable. The District estimates that the fair value of all

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
December 31, 2021

financial instruments at December 31, 2021 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Use of estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary information

Budgets are adopted on a US GAAP basis for the governmental funds. The budget for the proprietary fund is adopted on a non-GAAP basis where depreciation and gain on disposal of assets are not budgeted and capital outlay is budgeted. State law requires the District to adopt annual appropriated budgets for all funds.

The District conforms to the following procedures, in compliance with Colorado Revised Statutes, in establishing the budgetary data reflected in the financial statements: On or before October 15, of each year the District's accountant submits to the Board of Directors a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.

After a required publication of "Notice of Proposed Budget" and a public hearing, the District adopted the proposed budget and an appropriating resolution, which legally appropriated expenditures for the upcoming year.

After adoption of the budget resolution, the District may make the following changes: (a) it may transfer appropriated monies between funds or between spending agencies within a fund, as determined by the original appropriation level; (b) it may approve supplemental appropriations to the extent of revenues in excess of the estimated revenues in the budget; (c) it may approve emergency appropriations; and (d) it may approve the reduction of appropriations for which originally estimated revenues are insufficient. The budget is only amended in conformity with Colorado Revised Statutes that allows the District to amend the budget and adopt a supplementary appropriation if money for a specific purpose, other than ad valorem taxes, becomes available to meet a contingency.

As of December 31, 2021 there were some expenses and expenditures in excess of final budgeted amounts, however no material expenditure or expenses in excess of budgeted amounts were noted.

TABOR Amendment - Revenue and Spending Limitation Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20 commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
December 31, 2021

government.

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year general revenues (excluding bonded debt service) for the fiscal year ended December 31, 2021.

The District's management believes it is in compliance with the provisions of TABOR, as it is currently understood. However, TABOR is complex and subject to interpretation. Many of the provisions may not become fully understood without judicial review.

Recently Issued Accounting Pronouncements

GASB Statement No 87 - In June 2017, GASB issued statement No 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions in statement 87 are effective for reporting periods beginning after June 15, 2021 (originally December 15, 2019). Management is currently evaluating the effect on the District's 2022 financial statements.

2. DETAILED NOTES

Deposits - custodial credit risk

The Colorado Public Deposit Protection Act ("PDPA") requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The Pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be equal to 102% of the aggregate uninsured deposits.

As of December 31, 2021, all of the District's deposits were either insured by the Federal Deposit Insurance Corporation or held in eligible public depositories as required by PDPA.

The District money markets accounts are with Citywide Banks, and are unrated.

At December 31, 2021 the District's deposit portfolio consisted of the following:

Cash and cash equivalents	
Checking	\$ 167,696
Money market	2,525,033
Cash on hand	7,171
	<u>\$ 2,699,900</u>
Restricted money market	<u>\$ 114,527</u>

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
December 31, 2021

Capital assets

The following schedule shows changes in capital assets, by category for the year ended December 31, 2021:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
<u>Governmental Activities:</u>					
Not being depreciated:					
Land	\$ 3,553,505	\$ -	\$ -	-	\$ 3,553,505
Total not being depreciated	3,553,505	-	-	-	3,553,505
Being depreciated:					
Building and improvements	17,650,299	-	-	-	17,650,299
Vehicles and equipment	1,881,163	115,803	(105,629)	-	1,891,337
Intangibles	14,000	-	-	-	14,000
Total being depreciated	19,545,462	115,803	(105,629)	-	19,555,636
Less accumulated depreciation and amortization	(6,753,347)	(543,264)	105,629	-	(7,190,982)
Net capital assets - Governmental Activities	\$ 16,345,620	\$ (427,461)	\$ -	-	\$ 15,918,159
	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
<u>Business-type Activities:</u>					
Not being depreciated:					
Land	\$ 935,282	\$ -	\$ -	-	\$ 935,282
Total not being depreciated	935,282	-	-	-	935,282
Being depreciated:					
Building and improvements	8,880,727	341,240	-	-	9,221,967
Vehicles and equipment	1,789,281	737,263	(17,384)	-	2,509,160
Total being depreciated	10,670,008	1,078,503	(17,384)	-	11,731,127
Less accumulated depreciation and amortization	(5,659,995)	(492,057)	17,384	-	(6,134,668)
Net capital assets - Business-type Activities	\$ 5,945,295	\$ 586,446	\$ -	-	\$ 6,531,741
Net capital assets	\$ 22,290,915	\$ 158,985	\$ -	-	\$ 22,449,900

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General recreation	\$ 18,100
Parks and facilities	137,653
Recreation center	387,511
Total depreciation expense - Governmental activities	\$ 543,264
Business-type activities:	
Golf Course	\$ 492,056
Total depreciation expense - Business-type activities	\$ 492,056

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
December 31, 2021

As of December 31, 2021, the District had capital assets under a capital leases in the Governmental activities and Business-type activities in the original amount of \$146,725 and \$1,004,816, respectively, with accumulated depreciation of \$47,462 and \$299,215, respectively.

Capital lease payable

The following represents the changes in capital lease payable for the year ended December 31, 2021:

	Beginning Balance	Additions	Payments/ Retirements	Ending Balance
Governmental activities:				
Parks Truck	\$ 33,940	\$ -	\$ (10,669)	\$ 23,271
Mini Bus	6,330	-	(6,330)	-
Mini Bus	56,689	-	(8,840)	47,849
Bobcat Lease	-	45,897	(3,524)	42,373
Total lease payable- Governmental activities	\$ 96,959	\$ 45,897	\$ (31,149)	\$ 113,493
Business-type activities:				
Electric Golf Carts	92,503	-	(92,503)	-
Trailer Lease #12103	20,654	-	(20,654)	-
Toro Equipment Lease #12139	31,211	-	(15,311)	15,900
Equipment Lease #12193	42,753	-	(13,373)	29,380
2019 Turf Truck	22,671	-	(6,615)	16,056
Toro Equipment Lease	84,994	-	(19,975)	65,019
Exchange Bank #12319	-	122,684	(25,086)	97,598
Golf Car lease #12352	-	596,096	(119,388)	476,708
Total lease payable - Business-type activities	\$ 294,786	\$ 718,780	\$ (312,905)	\$ 700,661

Governmental Activity Leases:

In May 2014, the District entered into a lease agreement for a Mini Bus for the Recreation Center. The lease term is for 85 months with payments of \$600 and interest accruing at 2.85%.

In January 2019, the District entered into a lease agreement for a Chevy Silverado for the Parks system. The lease term is for 60 months with payments of \$1,046 and interest accruing at 7.64%.

In June 2020, the District entered into a lease agreement for a 2019 Ford Turtle Top Van for the Park system. The lease term is for 72 months with payments of 1,027 and interest accruing at 6.61%

In March 2021, the District entered into a lease agreement for a 2021 Bobcat R Series. The lease term is 60 months with payments of \$835 and interest accruing at 3.52%. The lease will expire August 2026.

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
December 31, 2021

Business-Type Activity Leases:

In 2017 The District entered into a lease for 100 Club Car Electric Golf Cars, Two Club Car Café Express Beverage Carts and One Solo-rider. The lease commencement date was June 1, 2017 with three payments of \$31,328 per year. The lease expired August 1, 2021. Interest accrues at 2.730%.

In 2017 The District entered into a lease for Toro Reelmaster 5410-D, 6 Toro Greensmaster 1000, 6 Toro Trans Pro 80 Greensmower Trailers. The lease commencement date was June 1, 2017 with three payments of \$7,059 per year. The lease expired August 1, 2021. Interest accrues at 2.730%.

In 2018 The District entered into a lease for a variety of Toro equipment. The lease commencement date was March 14, 2018 with three payments of \$5,486 per year. The lease will expire in March 2022. Interest accrues at 3.777%.

In 2019 The District entered into a lease for additional Toro equipment. The lease commencement date was June 1, 2019 with three payments of \$5,346 per year. The lease will expire in August 1, 2023. Interest is not stated, but is implicitly 6.335%.

In January 2019, the District entered into a lease agreement for a Chevy Silverado Turf Truck. The lease term is for 60 months with payments of \$672 and interest accruing at 7.39%.

In June 2020 the District entered into a lease for additional Toro equipment. The lease commencement date was June 1, 2020 with three payments of \$7,698 per year. The lease will expire August 1, 2024. Interest accrues at 3.9%.

In February 2021 the District entered into a lease for additional Toro equipment. The lease commencement date was February 11, 2021 with three payments of \$8,770 per year. The lease will expire August 1, 2025. Interest accrues at 3.4%.

In April 2021 the District entered into a lease for 100 Club Car Electric Golf Cars and Two Club Car Café Express Beverage Carts. The lease commencement date was April 27, 2021 with three payments of \$42,320 per year. The lease will expire August 1, 2025. Interest accrues at 3.0%.

Future minimum capital lease payments

Governmental activities:

	Principal	Interest	Total
2022	29,321	5,576	34,897
2023	31,642	3,739	35,381
2024	20,158	2,188	22,346
2025	21,227	1,119	22,346
2026	9,361	141	9,502
Total	\$ 111,709	\$ 12,763	\$ 124,472

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
December 31, 2021

Business-type activities:

	Principal	Interest	Total
2022	195,068	21,864	216,933
2023	185,774	14,701	200,474
2024	195,108	8,852	203,960
2025	124,711	2,250	126,961
Total	\$ 700,661	\$ 47,666	\$ 748,328

Long-term debt

During 2020, the District issued General Obligation Refunding Bonds in the amount of \$13,595,000 at an interest rate ranging from 2.0% to 4% payable semiannually on each June 1 and December 1. Payments of principal and interest on the bonds are insured in accordance with the terms of a financial guaranty insurance policy. The Series 2020 Bonds maturing on and before December 1, 2030 are not subject to redemption prior to their maturity dates. The Series 2020 Bonds maturing on and after December 1, 2031, are subject to redemption prior to maturity at the option of the District, in whole or in part in integral multiples of \$5,000, and if in parts in such order of maturity as the District determines and by lot within maturity on December 1, 2030 and on any date thereafter, at a redemption price equal to the principal amount, plus accrued interest to the redemption date.

The bonds were issued at a premium of \$2,238,776. The proceeds were used to advance refund \$15,285,000 of outstanding Series 2013 & 2015 Bonds which had interest rates ranging from 3.125% to 4%. The net proceeds of \$15,533,923 were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the Series 2013 and 2015 Bonds are considered defeased and the liability for those bonds has been removed from the Statement of Net Position.

The reacquisition price exceeded the net carrying amount of the old debt by \$1,326,391. This amount was being netted against the new debt and amortized over the remaining life of the refunding debt. The government advance refunded the Series 2013 and 2015 Bonds to reduce its total debt service payments by \$2,557,905 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$2,043,679.

Changes in long-term obligations as of the year ended December 31, 2021 are as follows:

	Beginning Balance	Additions	Payments (Amortization)	Ending Balance
2020 GO Bonds	13,595,000		(730,000)	12,865,000
Premiums	2,207,682		(149,252)	2,058,430
Total	\$ 15,802,682	\$ -	\$ (879,252)	\$ 14,923,430

During 2021, the District paid \$449,901 interest on the bonds. Accrued interest at December 31, 2021 was \$36,275.

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
December 31, 2021

The District's annual debt service requirements to maturity are as follows:

	Principal	Interest	Total
2022	755,000	435,300	1,190,300
2023	780,000	420,200	1,200,200
2024	805,000	404,600	1,209,600
2025	800,000	388,500	1,188,500
2026	825,000	372,500	1,197,500
2027-2032	5,520,000	1,432,200	5,947,200
2033-2035	3,380,000	273,600	3,653,600
	\$ 12,865,000	\$ 3,902,300	\$ 16,767,300

Debt Authorization

In 2007, a majority of the qualified electors of the District who voted in the election authorized the issuance of indebtedness of \$19,500,000 for capital projects.

3. OTHER INFORMATION

Risk management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In order to manage these risks, the District has purchased commercial insurance with various deductibles. Settled claims have not exceeded the District's coverage limits in any of the past three years.

Operating leases

In 2018, the District entered into a lease for office equipment with an initial term of 60 months with monthly payments of \$973. During 2021, total rent expense incurred on the office equipment lease was \$11,676.

In February 2019, the District entered into a lease for the Foundry Cinema & Bowling facility. The amended lease terminates in February 2024, but may be terminated sooner under specific lease provisions. An additional abatement of \$12,500 was included for each month beginning on January 1, 2021 through December 31, 2021 as a result of the constraints on operations caused by the pandemic. The District has the option to purchase the facility for \$4,250,000 at any time through August 10, 2023. During 2021, total rent expense incurred on this lease was \$150,000.

5. POST-RETIREMENT BENEFITS

Defined contribution plan

The District provides pension benefits for all of the District's employees through a defined contribution plan administered by the Colorado County Officials and Employees Retirement Association. Under a defined contribution plan, benefits depend solely on the amounts contributed to the plan plus investment earnings. All employees are required to participate in the plan. Under the plan the District contributes 3.75% of each covered employee's compensation.

Under the plan, the employees are fully vested in the District's contribution plus any applicable investment earnings upon entry into the plan. During 2021, the District contributed \$89,711 to the plan.

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Notes to Financial Statements
December 31, 2021

6. Reconciliation of government-wide and fund financial statements

Explanation of differences between the Governmental Funds Balance Sheet and the Government-wide Statement of Net Position

The Governmental Funds Balance Sheet and the government-wide Statement of Net Position includes a reconciling column. Explanation of the adjustments included in the reconciling column is as follows:

Capital assets of \$23,109,142 less accumulated depreciation of \$7,190,983 or a net book value of \$15,918,159 are not financial resources and therefore are not reported in the governmental funds.

Prepaid bond insurance costs of \$101,127 are recognized as expenditures in the funds when incurred, but are amortized over the life of the related bond in the statement of net position. Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Deferred charge on refunding	\$ (1,217,596)
Prepaid bond insurance	(101,127)
Accrued compensated absences	35,146
Accrued interest payable	36,275
Leases payable: Due within one year	29,321
Leases payable: Due in more than one year	82,388
Bond Premium, net of amortization	2,058,430
Bonds payable: Due within one year	755,000
Bonds payable: Due in more than one year	12,110,000
Net adjustment	<u>\$ 13,787,837</u>

Explanation of differences between the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities

Governmental funds report capital outlay as expenditures. However, in the Statement of changes in Net Position, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Depreciation and amortization expense	\$ (488,345)
Capital outlay	<u>99,184</u>
Net adjustment	<u>\$ (389,161)</u>

The repayment of the principal of long-term debt consumes the current financial resources of governmental funds:

Bond principal payments	\$ 730,000
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not recorded as expenditures in governmental funds.

Net change in accrued compensated absences	\$ 4,778
Change in accrued Bond interest	<u>2,730</u>
Net adjustment	7,508

OTHER SUPPLEMENTARY INFORMATION

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
Debt Service Fund
For the year ended December 31, 2021

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Property taxes	\$ 1,240,882	\$ 1,236,917	\$ (3,965)
Interest	2,000	1,932	\$ (68)
Total revenues	1,242,882	1,238,849	(4,033)
Expenditures/expenses:			
Administration	300	400	(100)
Bond principal	730,000	730,000	--
Bond interest	449,900	449,901	(1)
Treasurer's fees	62,044	61,951	93
Total expenditures/expenses	1,242,244	1,242,252	(8)
Excess (deficiency) of revenues over expenditures	638	(3,403)	(4,041)
Net change in fund balances	\$ 638	(3,403)	\$ (4,041)
Fund balance - beginning of year		220,796	
Fund balance - end of year		\$ 217,393	

The notes to the financial statements are an integral part of this statement.

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
Conservation Trust Fund
For the year ended December 31, 2021

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Conservation trust income	\$ 29,750	\$ 36,254	\$ 6,504
Interest income	200	10	(190)
Total revenues	29,950	36,264	6,314
Expenditures/expenses:			
Capital outlay	\$ 13,000	\$ -	\$ (13,000)
Total expenditures/expenses	13,000	--	(13,000)
Excess of revenues over expenditures	<u>\$ 16,950</u>	36,264	\$ 19,314
Fund balance - beginning of year		<u>78,263</u>	
Fund balance - end of year		<u>\$ 114,527</u>	

The notes to the financial statements are an integral part of this statement.

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Schedule of Revenues, Expenses, and Changes in Fund Net Position -
Budget (non-US GAAP Basis) to Actual
Golf Course Fund
For the year ended December 31, 2021

	Final and Original Budget	Actual	Variance Positive (Negative)
Operating Revenues:			
Charges for sales and services:			
Merchandise sales	\$ 149,000	\$ 201,897	\$ 52,897
Food and beverage sales	601,500	704,042	102,542
Club rental	23,500	31,890	8,390
Golf cart rentals	275,000	421,117	146,117
Driving range	81,500	108,931	27,431
Green fees	665,000	988,145	323,145
Season Pass	133,250	186,485	53,235
Resident ID cards	60,000	78,744	18,744
Tournament premiums	68,000	68,544	544
Events	1,500	100	(1,400)
Tee sign revenue	6,250	6,000	(250)
Grounds maintenance income	6,500	6,500	-
Fund raising	8,000	8,126	126
Total operating revenues	2,079,000	2,810,521	731,521
Operating expenses:			
Cost of goods sold:			
Pro shop merchandise and rentals	80,000	103,637	(23,637)
Food and beverage	199,880	247,530	(47,650)
Payroll and related taxes	998,590	1,020,113	(21,523)
Advertising and marketing	14,500	11,369	3,131
Contracted services	9,850	11,195	(1,345)
Equipment	142,675	40,910	101,765
Repairs and maintenance	76,825	78,300	(1,475)
Turf maintenance and landscaping	18,000	16,740	1,260
Supplies and parts	199,000	214,247	(15,247)
Utilities	93,000	87,978	5,022
Other operating - general	122,167	144,069	(21,902)
Capital outlay	452,268	359,719	92,549
Total operating expenses	2,406,755	2,335,807	70,948
Operating income	(327,755)	474,714	802,469
Nonoperating revenues (expenses):			
Miscellaneous income	--	1,825	(1,825)
Total nonoperating revenues	--	1,825	(1,825)
Net income/(loss)	\$ (327,755)	\$ 476,539	\$ 800,644
Reconciliation to GAAP Basis			
Capital outlay		(1,078,499)	
Depreciation		492,056	
Lease liabilities incurred		718,780	
Gain on disposal of assets		(92,503)	
Total reconciliation to GAAP Basis		39,834	
Net income/(loss) on GAAP Basis		436,705	
Net position - beginning of year		<u>6,700,139</u>	
Net position - end of year		<u>\$ 7,136,844</u>	

The notes to the financial statements are an integral part of this statement.

FRASER VALLEY METROPOLITAN RECREATION DISTRICT
Schedule of Revenues, Expenses, and Changes in Fund Net Position -
Budget (non-US GAAP Basis) to Actual
Foundry Fund
For the year ended December 31, 2021

	Original and Final Budget	Actual	Variance Positive (Negative)
Operating Revenues:			
Charges for sales and services:			
Movie Tickets	\$ 320,548	\$ 184,276	\$ (136,272)
Bowling Fees	238,514	270,585	32,071
Food and beverage sales	368,191	343,608	(24,583)
Vending and arcade income	6,500	13,613	7,113
Tournament premiums	1,000	11,637	10,637
Events	1,000	-	(1,000)
Sponsorships	40,000	31,243	(8,757)
Grants	-	2,300	2,300
Facility rental	4,000	9,722	5,722
Total operating revenues	979,753	866,984	(112,769)
Operating expenses:			
Cost of goods sold:			
Food and beverage	\$ 147,250	\$ 106,688	\$ (40,562)
Movies	160,274	89,065	(71,209)
Payroll and related taxes	292,540	272,664	(19,876)
Rent expense	150,000	150,000	-
Advertising and marketing	12,500	10,683	(1,817)
Contracted services	3,000	3,000	-
Equipment	6,680	9,828	3,148
Repairs and maintenance	13,000	13,453	453
Supplies and parts	24,100	26,674	2,574
Utilities	35,500	32,461	(3,039)
Other operating - general	45,447	42,624	(2,823)
Total operating expenses	890,291	757,140	(133,151)
Operating income	89,462	109,844	20,382
Nonoperating revenues (expenses):			
Miscellaneous income	-	34	34
Total nonoperating revenues	-	34	34
Net income/(loss)	\$ 89,462	\$ 109,878	\$ 20,382
Net position - beginning of year		(8,153)	
Net position - end of year		\$ 101,725	

The notes to the financial statements are an integral part of this statement.